

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 L-02 NSC-05 CIAE-00 INR-07

NSAE-00 PA-01 USIA-06 PRS-01 SP-02 AGR-05 COME-00

STR-04 CIEP-01 OMB-01 SS-15 H-02 CEA-01 FRB-03 TAR-01

EUR-12 AF-06 /089 W

----- 000893

R 042015Z APR 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8486

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E. O. 11652: N/A

TAGS: EAGR, ETRD, BR

SUBJECT: COFFEE: IBC REACTIONS ON VISIT TO US

1. CONGEN RIO OFFICER CALLED ON IBC PRESIDENT CALAZANS AFTERNOON OF APRIL 1 TO REVIEW HIS RECENT TRIP TO THE U.S. CALAZANS REPORTED THAT HIS DISCUSSIONS WITH US OFFICIALS WERE EXTREMELY CORDIAL AND HIGHLY PROFITABLE. NEVERTHELESS, HE STATED, US AND BRAZIL DIFFERED ON SEVERAL KEY POINTS, MOST NOTABLY ON PROPOSAL FOR AUTOMATIC PRICE READJUSTMENT. CALAZANS REPEATED HIS ARGUMENT THAT PRODUCERS MUST HAVE A PRICE RANGE WHICH SUSTAINS REAL PURCHASING POWER OF THEIR COFFEE EARNINGS. AS TO A MINIMUM PRICE IN INITIAL YEAR OF NEW ICA, HE MAINTAINED THAT BRAZIL SEEKS PRINCIPALLY TO REESTABLISH A REAL PRICE EQUAL TO THAT OF 1962. INDEXES OR OTHER MEANS USED TO OBTAIN THIS RESULT ARE OF SECONDARY IMPORTANCE. IF US CANNOT ACCEPT THESE PRICE PROPOSALS, HE STATED, IT SHOULD MAKE A COUNTERPROPOSAL.

2. CALAZANS WILL ATTEND APRIL 8 PRODUCERS MEETING

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IN LONDON TO PRESENT DRAFT FOR NEW ICA. HE DOES NOT

PLAN TO ATTEND PRODUCER CONSUMER MEETINGS IN MID-APRIL, BUT WOULD BE DISPOSED TO DO SO IF US DELEGATION BELIEVES HIS PRESENCE WOULD EXPEDITE CONCLUSION OF AN AGREEMENT.

3. ONE PRIVATE TRADER HIGHLY FAMILIAR WITH COFFEE DEVELOPMENTS RECENTLY HELD DETAILED DISCUSSIONS WITH CALAZANS ON NEW ICA. THIS TRADER REPORTED THAT CALAZANS STRESSED US EXECUTIVE CLAIMS THAT US CONGRESS WOULD OPPOSE AUTOMATIC PRICE INCREASES AND CONSUMER CONTRIBUTIONS TO FINANCING COFFEE RESERVE STOCK. CALAZANS APPARENTLY BELIEVES THIS ARGUMENT IS LARGELY A SMOKE SCREEN.

4. COMMENT: CALAZANS, WHO RECENTLY HAS SPENT CONSIDERABLE TIME IN BRASILIA, CLEARLY INDICATES THAT GOB IS NOW CONVINCED THAT A NEW ICA SHOULD ENTER INTO FORCE IN 1976. BRAZIL APPARENTLY IS PREPARED TO COMPROMISE ON PRICE READJUSTMENT ISSUE, BUT BELIEVES US AND OTHER PRODUCERS MUST MAKE A COUNTER-PROPOSAL IN ORDER TO FACILITATE MEANINGFUL NEGOTIATIONS.

5. CALAZANS REPORTS THAT IBC HAS RAISED ITS ESTIMATES OF LAST YEAR'S COFFEE CROP TO 28.1 MILLION BAGS, BUT CONTINUES TO PROJECT A CROP OF ONLY SOME 20 MILLION BAGS THIS YEAR.  
CRIMMINS

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## Message Attributes

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